

Committee members in attendance:

Mayor Jim Bouley, Councilor Byron Champlin, Councilor Allan Herschlag, Councilor Keith Nyhan, Councilor Brent Todd

Committee members absent:

None

Staff:

Carlos Baía, Sean Brown, Mike Santa, Matt Walsh

Others:

Councilor Jan McClure, Rosemary Heard (CATCH), Mike Reed (CATCH), Caite Foley (CATCH), Beth Gabrielli (Penacook property owner), Arthur Aznive (Concord property owner), John Ransmeier (Concord property owner), Megan Doyle (Concord Monitor)

Meeting was called to order at 5:35 p.m.

Mayor Bouley welcomed the property owners in the audience as well as the *Concord Monitor* reporter to join the committee on dais for a dialog on the matter of upper floor development. The Mayor summarized the committee's work thus far and stated that this was an opportunity to hear directly from the owners of downtown buildings. He noted that ninety invitations were mailed to property owners in downtown Penacook and Concord inviting them to attend tonight's meeting.

Arthur Aznive explained that from what he heard years ago, a conversion to residential for the types of buildings he owns downtown would not generate the return on investment needed.

Councilor Nyhan mentioned that the City has incentives such as RSA 79E. He asked Mr. Aznive if that would be enough to make the numbers work. Mr. Aznive answered that he favors the concept of the RSA 79E incentive but has not tried it.

Councilor Herschlag asked Mr. Aznive what specifically about the financing is the challenge. Is it the term or the interest rate? Mr. Aznive replied that he didn't know as his understanding was based on what he's heard anecdotally over the years, not an actual experience.

Mike Reed of CATCH provided the example of the Endicott Hotel conversion. He explained that the Endicott Hotel could only carry a \$1.6 million debt on the residential component which would not be enough for the type of conversion project they needed to undertake. The numbers for CATCH only worked because they already owned the property.

Rosemary Heard of CATCH stated that the group of lenders who met years ago to create some type of lending pool didn't dig deep enough. She suggested that the City reconvene those lenders as the

Federal Home Bank system, of which the banks participate in, has a lot of economic development programs.

Ms. Heard noted that another challenge for downtown upper floor development is parking. Adding more dwelling units downtown will require more parking.

Mayor Bouley noted that the Capital Commons garage, located immediately next to the Endicott building, provides free parking overnight and on weekends. Ms. Heard acknowledged that but stated that the expectation for the type of market rate unit purchaser or renter will be to have one or two dedicated spaces per unit.

Councilor Hershlag stated that based on the \$1.6 million number cited by CATCH for the Endicott, the residential units came out to about \$64,000 each to develop. He asked if that was the threshold on a per unit cost basis for downtown projects to work. Ms. Heard and Mr. Reed stated that it was probably lower than that. For CATCH, that number worked because it had alternative sources of revenue that other private developers might not have and it also owned the building.

Ms. Heard also cited another challenge in that the rental rates in the Concord market are not high enough to support the costs associated with the conversions.

Mr. Herschlag cited the recent purchase of the Vegas Building by Remi Hinxhia. He asked the property owners in attendance if, based on their experience, they believed that Mr. Hinxhia could convert that building for \$1 million. Mark Ciborowski stated that Mr. Hinxhia will probably need double that amount.

Ms. Heard suggested revisiting the lenders and perhaps creating a consortium of banks that could do a direct placement of Historic Tax Credits, for example.

Councilor Nyhan asked if the property owners were seeing a desire for downtown residential. Ms. Heard answered that there absolutely is a desire out there. Mr. Ciborowski stated that he's seen a dramatic increase in people wanting to live downtown over the last ten years.

Councilor Nyhan asked if the City could use its bonding ability to create a lending pool at lower interest rates for the downtown property owners.

Ms. Heard stated that the upcoming Downtown Complete Streets project will only make Concord's downtown more desirable.

Mr. Ciborowski reiterated that parking will be in even greater demand for higher end residential development downtown. Councilor Nyhan posited that if there were such a great demand for downtown parking, why had no developer built a private garage. Mr. Ciborowski answered that the numbers just don't work for a private garage. He believed that the City should step in and make that investment.

Councilor Champlin asked how many parking garages can a City Concord's size support. He noted that the downtown already has three municipal garages, surface lots and the Legislature's garage. At some point, there is the risk of damaging the character of the City with more parking.

Matt Walsh noted that instead of thinking about new garages, the City could think of maximizing its existing assets. He explained that current parking leases assume one car per dedicated space. However, one could draft a lease that creates a smaller pool of parking for a tenant with the understanding that not everyone shows up for work every day. Another option would be to lease existing underutilized onstreet spaces on Storrs Street.

John Ransmeier stated that another challenge to redevelopment on the part of North Main Street property owners is all the new development on South Main Street that has siphoned away existing office tenants.

Mr. Ciborowski added that compounding the phenomenon that Mr. Ransmeier cited are the City's property value assessments. Mr. Ciborowski stated that those assessments are unrealistic and the abatement process itself is designed to discourage property owners from filing for abatements.

Mayor Bouley asked if there were any City regulatory obstacles to upper floor redevelopment such as building or life safety codes.

All of the property owners felt that the codes were not an issue. Mr. Ciborowski observed that Code Administrator Mike Santa and Fire Marshal Sean Brown both have taken a realistic view of the buildings downtown.

Mr. Ciborowski also noted that the Council's recent restructuring of impact fees was an excellent first step.

Ms. Heard suggested that the Main Street project might be an opportunity for a marketing/branding campaign for the City to attract new people. Councilor Champlin explained that the Chamber of Commerce has already started on that in a small way.

Ms. Heard posited that one area that the City could improve is the time it takes to go through the permitting process for downtown projects.

Beth Gabrielli complimented the City staff on its recent handling of the CIP 35, US Route 3/Village Street project. She felt that the communication has been excellent. Her concern, however, is that the City's redevelopment of the Penacook Tannery site and the subsequent construction of the Penacook Family Physicians' building left the Gabriellis with a lot of empty tenant space. She and her husband investigated possibly converting that vacant office space to residential but it would require a commercial sprinkler system and she and her husband don't plan to hold onto the building long enough for that investment to be paid back. Since they are retirees, they are only interested in short-term payback of 5-7 years at most.

Councilor Nyhan asked what the financial gap would be for them to make that conversion. Ms. Gabrielli estimated that they would probably have to pay double what they wanted to invest in order to convert the building.

Councilor Todd asked if parking was also an issue for the Gabriellis. Ms. Gabrielli explained that they had adequate parking on their property to support the proposed residential development.

Mayor Bouley summarized the points raised in the meeting as follows:

- Permit review and approval timeframes should be shorter for downtown projects
- Parking (addition of parking or more flexible management of these resources)
- Marketing
- Creation of a lending pool possibly with City partnership

Councilor Brent Todd asked to be provided with the list of the invitees so that members of the committee could reach out to those who did not attend this evening.

Mayor Bouley anticipated that the committee would meet two more times and issue a report before the end of the calendar year. He thanked everyone for attending.

Meeting adjourned at 6:50 p.m.

Respectfully submitted, Carlos P. Baía

